



**U.S. Department of Health and Human Services
Assistant Secretary for Planning and Evaluation
Office of Disability, Aging and Long-Term Care Policy**

THE "VALUE ADDED" OF LINKING PUBLICLY ASSISTED HOUSING FOR LOW-INCOME OLDER ADULTS WITH ENHANCED SERVICES:

A LITERATURE SYNTHESIS AND ENVIRONMENTAL SCAN

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Office of the Assistant Secretary for Planning and Evaluation

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In particular, DALTCP addresses policies concerning: nursing home and community-based services, informal caregiving, the integration of acute and long-term care, Medicare post-acute services and home care, managed care for people with disabilities, long-term rehabilitation services, children's disability, and linkages between employment and health policies. These activities are carried out through policy planning, policy and program analysis, regulatory reviews, formulation of legislative proposals, policy research, evaluation and data planning.

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ASSISTED HOUSING FOR LOW-INCOME OLDER
ADULTS WITH ENHANCED SERVICES:
A Literature Syntheses and Environmental Scan**

The Lewin Group

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EXECUTIVE SUMMARY

The U.S. Department of Health and Human Services, Office of the Assistant Secretary for Planning and Evaluation (ASPE), Office of Disability, Aging and Long-Term Care Policy, in partnership with the U.S. Department of Housing and Urban Development (HUD) and the Administration on Aging (AOA), engaged the Lewin Group and its sub-contractors, Leading Age Center for Applied Research, the Moran Company, and Mary Harahan to develop design options for a demonstration of publicly assisted rental housing coordinated with health and long-term care services and supports for low-income older adults.

This effort stems from the hypothesis that publicly assisted senior housing can act as an effective platform for organizing a system of coordinated health and long-term services and supports for low-income older adults.

This effort stems from the hypothesis that publicly assisted senior housing can act as an effective platform for organizing a system of coordinated health and long-term services and supports for low-income older adults. Combining publicly assisted housing with health and long-term services and supports responds to the preferences of most residents and their families to remain in an independent living setting, even as they age and their health declines. By building off an existing infrastructure--already built low-income housing and, in many buildings, an already paid for services coordinator--publicly assisted senior housing provides the core of a potentially less costly system of affordable housing linked to services. Because publicly assisted housing also provides a critical mass of elderly residents living in close proximity to one another, this creates opportunities to achieve important economies of scale in organizing, purchasing, and delivering services, thereby increasing efficiency and affordability. Incorporating the surrounding community into housing with services strategies may further increase the power of the strategy to improve public health and lower health and long-term care costs.

This paper uses the term “publicly assisted housing” to refer to independent unlicensed publicly subsidized rental housing that provides affordable rent to very low-income seniors.

Hundreds of publicly assisted, largely not-for-profit housing providers and several states and private sector organizations have developed programs to bring enhanced services to residents. Innovative housing providers across the country, working with federal, state, and community partners have, largely at their own initiative, developed

many prototypes of publicly assisted with enhanced services for older adults. Typically, these programs are based on the property's employment of a service coordinator (available through HUD grants and in some cases incorporated into the properties operating budget), complimented by a wide array of community partnerships.

Federal Publicly Assisted Housing Programs

The federal programs that provide the majority of publicly assisted rental housing for low-income seniors include:

- **Section 202 Housing for the Elderly**--This program provides the only federally funded housing specifically for persons age 62 and older (estimated 263,000 residents) and largely targets seniors earning less than 30% of the area median income, which equated to less than \$15,000 in income in 2009 (DeNavas-Walt, Proctor, & Smith, 2009). Although HUD housing assistance programs generally do not provide supportive services to the elderly, sponsors of Section 202 (which subsidizes the development and operating costs of multifamily properties for elderly households with very low incomes) properties must demonstrate that services will be available at the development or in the community of the proposed new construction. The majority of 202 properties can accommodate residents as they become frailer. According to a 2006 AARP survey, most (74%) have grab bars and one-way emergency call systems (88%), almost all have ramps or a level entrance, and almost half of all units are wheelchair accessible. Over 90% have some communal space, about half have space for congregate meals and/or other supportive services, and about 56% have a services coordinator (Kochera, 2006). Services are also somewhat more common in 202s than in Low-Income Housing Tax Credit (LIHTC) properties targeting older people. For example, about 75% of Section 202s had a laundry facility, compared to 70% of LIHTC properties for older persons. Seventy-three percent of 202 properties had social/recreational activities arranged or provided by management, compared to 60% of LIHTC properties for older persons and 30% of other types of LIHTC properties. Thirty-four percent of Section 202 properties for older persons provided or arranged for transportation for their residents, compared to 22% of LIHTC properties for older persons and 6% of other types of LIHTC properties (Kochera, 2006).
- **Low-income Housing Tax Credit Program (LIHTC)**--Roughly 24% of the LIHTCs' 23,000 rental projects (5,500) are intended primarily for older persons. However, very low-income seniors largely cannot afford tax credit properties without additional subsidies. States administer the program under policies developed in a "Qualified Allocation Plan" (QAP), which sets the criteria for allocating tax credits. Using the QAP, states can promote various policy objectives, including designating the proportion of credits allocated for various populations. As discussed above, LIHTC properties for older persons are somewhat less likely than 202s to have features that aid residents to age in

place. In 2006, only 26% of LIHTC properties had a services coordinator on staff, compared to 56% of 202s, and 54% of LIHTC properties did not offer any services (Kochera, 2006).

- **Public Housing**--This federal program offers housing assistance to poor seniors through locally designated Public Housing Agencies that own the properties. Seniors represent 31% of participating households (about 330,000 persons), and over half live in projects specifically designated for seniors (HUD, 2008). With some important exceptions, unlike Section 202, public housing was not intended to provide the flexibility needed to address the changing needs of seniors and a significant portion of the properties are becoming physically and functionally obsolete. No new units have been built since 1994.

In addition to the above property-based publicly assisted housing programs, about 334,000 older renters receive Housing Choice Vouchers enabling them to rent housing in the private market (HUD, 2008).

Characteristics of Publicly Assisted Housing Residents

In 2011, baby boomers began reaching age 65. In general, the available data show an increasingly aging and frail population in publicly assisted senior housing settings. The aging of the population has widespread implications for housing sponsors. As observed by Heumann et al. (2001):

“The increase in average resident age, the increase in residents aged 85 and older, and the fact that projects are admitting older applicants have far-reaching implications for the management, staff training, and service orientation. Older tenants are likely to require unique support and services as well as barrier-free and supportive physical design.”

About 1.8 million older adults, mostly low-income single women in their mid-70s to early 80s, live in federally subsidized housing--more than the number living in nursing homes (Redfoot & Kochera, 2004). In 1999, an AARP survey estimated that 30% of Section 202 renters were over age 80 (16.3% were age 81-85, and 13.7% were over 85) (Heumann, Winter-Nelson, & Anderson, 2001). The median age of publicly assisted senior renters ranged from 74 in Section 202s and public housing to 69 in the voucher program and 68 in LIHTC properties. In HUD Section 202 properties, the average age increased from 72 years in 1983 to 75 years in 1999; in the oldest buildings (those built before 1975), the average age of residents was 78.2 years in 1999, and almost 39% were over the age of 80.

In a 1999 AARP survey of 202 housing managers, property managers reported that significant proportions of senior housing residents (36% in Section 202 properties and 38% in LIHTC properties) had difficulty walking or performing everyday tasks and that 30% ended up transferring to a nursing home (Heumann et al., 2001). Extrapolating from AARP survey data, Haley, Gray, and Taghavi (2008) projected that about 90,000

of the 278,000 202 residents (32.4%) are at risk of institutionalization. (The projection is likely a vast overstatement given the limited number of nursing home transfers (30%) that occur each year).

While the majority of publicly assisted housing residents are relatively healthy, results from the 2002 American Community Survey found over half of respondents reported limitations in activities like walking and climbing stairs, and one-third reported difficulty with shopping or going to the doctor (U.S. Census Bureau, 2002).

Wilden and Redfoot (2002) reported that older adults in subsidized housing were likely to have a number of risk factors for institutionalization including being older, being female, having low income, having a disability, and living alone. Using data from the 2002 American Community Survey, the authors found that older renters receiving subsidies were twice as likely as home owners to experience activity limitations. Estimates prepared for the U.S. Commission on Affordable Housing and Health Facility Needs for Seniors in the 21st Century (2002) showed that a third of subsidized renters had some difficulty with activities of daily living (ADLs) and 12% had a mental or cognitive disability that interferes with everyday activities. Data from the 1995 Survey of Asset and Health Dynamics Among the Oldest-Old (Wave 2) shows that subsidized older residents report being in poorer health than unsubsidized renters, experience more chronic conditions, have significantly higher numbers of limitations in their ability to carry out basic ADLs and instrumental activities of daily living (IADLs), and are less likely to live in properties offering services, compared with unsubsidized renters (Gibler, 2003).

Federal policy interests in publicly assisted housing with enhanced services

- *Meeting the needs of aging publicly assisted housing residents*
- *Responding to preferences of older adults and people with disabilities to age in place and the Olmstead mandate*
- *Increasing cost-effectiveness*
- *Improving integration and coordination of housing services, health care, and long-term services and supports*
- *Improving residents' safety, quality of care, and quality of life*
- *Reducing unnecessary hospital and nursing home use*
- *Improving care transitions*

Federal Policy Interests in Publicly Assisted Housing with Enhanced Services

Surveys show older adults will prefer to remain in independent living settings and out of institutions as they age (Gibson et al., 2005). States and the Federal Government

have responded to these preferences by increasing investments in home and community-based (HCBS) services.

The nation's more recent economic setbacks have focused federal and state policymakers on how best to control public health care expenditures, particularly for Medicaid and Medicare, two entitlement programs that constitute an increasing share of government budgets. The costs of nursing homes and the costs of caring for the oldest adults with multiple chronic illnesses significantly contribute to high health care costs. In addition, over the past several years, HUD has become increasingly committed to using its affordable housing programs as a platform for service delivery to vulnerable populations, including the homeless, working age adults with disabilities, and seniors.

The Frank Melville Supportive Housing Investment Act of 2010 makes many changes to HUD's Section 811 Supportive Housing for Persons with Disabilities program, supporting the integration of housing and services.¹ By leveraging other sources of capital funding, such as LIHTC, the reformed Section 811 program will develop thousands more units of supportive housing every year and--for the first time--create integrated supportive housing units within affordable housing properties. HUD is moving in this direction for 202 as well.

These trends in alternative care models--the aging of the baby boomers, the preferences of seniors to maintain their independence and autonomy for as long as possible by "aging in place" in their own homes and communities, the high costs associated with nursing home care and caring for the chronically ill, and the new HUD policy goals aimed at improving the integration of affordable housing and services--may lead to improved health care quality while lowering Medicare and Medicaid costs. Publicly assisted housing with enhanced services for older adults may address a number of policy issues:

- Assisting state and local housing, health, and aging services policymakers and providers to address the security, quality of care, and quality of life concerns of a large population of low and modest-income seniors now living in publicly assisted housing.
- Offering a strategy that helps reduce Medicare and Medicaid costs associated with unnecessary hospital and nursing home use.
- Providing a housing option for individuals who are transitioning from institutions under Centers for Medicare and Medicaid Services' (CMS') Money Follows the Person Program.

¹ Technical Assistance Collaborative, December 21, 2010. "Congress Enacts Legislation to Reform HUD's Section 811 Supportive Housing for Persons with Disabilities Program." <http://www.tacinc.org/downloads/Congress%20Enacts%20Legislation%20to%20Reform%20HUD's%20Section%20811%20Supportive%20Housing%20for%20Persons%20with%20Disabilities%20Program.pdf>.

- Informing CMS and AOA as they design new service integration and care transitions demonstration programs authorized by the Patient Protection and Affordable Care Act (ACA).
- Complementing state efforts to develop new care programs for Medicare and Medicaid Enrollees (dual eligible).
- Encouraging hospitals and physician groups considering becoming accountable care organizations or medical homes to look to publicly assisted service-enriched housing as they build their delivery system and client base.
- Educating HUD housing providers about how to help residents prolong their independence and age in place by making use of the new reforms enacted in 2010 in the 202 program. These reforms included improving the flexibility of the services coordinator program, allowing the assisted living conversion program to be used to provide supportive services in properties not licensed as assisted living facilities (a model not explored in this review), and enabling housing sponsors and developers to pool different funding sources to finance 202 properties.
- Helping HHS implement the Community Living Initiative to promote partnerships that advance the directive of the 1999 *Olmstead* decision and deepen the focus on the relationship between HCBS and affordable medical care.

Opportunities under the ACA

New service integration and care transitions demonstrations authorized by the ACA present new opportunities that could potentially include affordable housing with services programs. Section 2602 of the ACA established the Medicare-Medicaid Coordination Office (<https://www.cms.gov/medicare-medicare-coordination/>), which is charged with making Medicare and Medicaid work together more effectively to improve care and lower costs.² Through this office, CMS is partnering with states on several initiatives to expand access to integrated programs for Medicare-Medicaid enrollees. Some of these initiatives could potentially include affordable housing with services.

CMS launched the first initiative in this area, the State Demonstrations to Integrate Care for Dual Eligible Individuals, in April 2011, through a partnership of the Medicare-Medicaid Coordination Office and the Center for Medicare and Medicaid Innovation (Innovation Center).^{3,4} Fifteen states were selected to participate. CMS will provide the

² CMS, CHIP and Survey & Certification, Medicare-Medicaid Coordination Office, July 8, 2011. Memo to State Medicaid Directors re “Financial Models to Support State Efforts to Integrate Care for Medicare-Medicaid Enrollees.” http://www.cms.gov/smdl/downloads/Financial_Models_Supporting_Integrated_Care_SMD.pdf.

³ CMS, July 8, 2011.

states with funding and technical assistance to develop person-centered approaches to coordinate care across primary, acute, and behavioral health and long-term supports and services for dual eligible individuals.

Another initiative is Testing Financial Models to Support State Efforts to Integrate Care for Medicare-Medicaid Enrollees.^{5,6} The initiative will test two financial models for states to better align the financing of Medicare and Medicaid and integrate primary, acute, behavioral health and long-term services and supports for their Medicare-Medicaid enrollees. The Medicare-Medicaid Coordination Office and Innovation Center are collaborating on this initiative. The two models are a capitated model and a managed fee-for-service (FFS) model. States have an option to pursue either or both of these financial alignment models. The due date for states interested in the new financial alignment opportunities to submit a letter of intent was October 1, 2011.

Assistance to states in delivering coordinated health care to high-need, high-cost beneficiaries is available through a new technical assistance resource center, the Integrated Care Resource Center (<http://www.integratedcareresourcecenter.com/>).⁷

Purpose and Methods

This literature synthesis and environmental scan presents findings from peer-reviewed studies as well as unpublished reports and policy briefs. We used previous summaries of the research compiled by LeadingAge, studies available on the HUD website, and other research familiar to the study team. To identify additional relevant studies, we included literature cited in these sources. Also, we searched for updated literature on the included program models, to ensure that the included literature reflected the latest research on the topics. The review does not include all literature on this topic, but provides findings from studies of many diverse programs.

The review addressed the following questions:

- What are the different models of publicly assisted housing with services?
- What is known about the impact of publicly assisted housing with enhanced services on older adult residents?

⁴ CMS, Medicare-Medicaid Coordination Office, “State Demonstrations to Integrate Care for Dual Eligible Individuals.” Webpage. http://www.cms.gov/medicare-medicare-coordination/04_StateDemonstrationstoIntegrateCareforDualEligibleIndividuals.asp#TopOfPage.

⁵ CMS, July 8, 2011.

⁶ CMS, Medicare-Medicaid Coordination Office, “Financial Models to Support State Efforts to Integrate Care for Medicare-Medicaid Enrollees.” Webpage. http://www.cms.gov/medicare-medicare-coordination/08_FinancialModelstoSupportStatesEffortsinCareCoordination.asp#TopOfPage.

⁷ CMS, Medicare-Medicaid Coordination Office, “Resources Available to All States to Coordinate Care for High-Cost, High-Need Beneficiaries.” Webpage. https://www.cms.gov/medicare-medicare-coordination/10_IntegratedCareResourceCenterAvailabletoAllStates.asp#TopOfPage.

- What challenges must be overcome to implement publicly assisted housing with services strategies and how can they be overcome?
- What are the knowledge gaps and recommendations for future research?

Based on full text review of included studies, we extracted information from each study about findings related to the four research questions listed above.

Details on findings related to targeting will be presented in detail in a separate paper on targeting. In the remainder of this project, findings from this literature review will be further shaped and enriched by discussions with the Technical Advisory Group (TAG) advisors, the site visits, and additional interviews with key informants.